

## News in Review

21 July 2021

*"With every day that goes by our economy is slowly and cautiously picking itself up off the floor"*



**Ahead of so-called 'Freedom Day' on Monday, Boris Johnson urged people to exercise caution as most restrictions on social contact were lifted in England. With the Prime Minister and Health Secretary currently isolating, and UK daily infections totalling around 50,000, there are warnings that cases will surge over the summer. It was announced this week that some fully vaccinated people in critical roles in England, including NHS and care staff, will be able to continue working even if told to self-isolate.**

Last Thursday, in the West Midlands, the Prime Minister set out his post-pandemic vision to level up the UK, outlining government plans to "rewrite the rulebook" on local devolution, adding "With every day that goes by our economy is slowly and cautiously picking itself up off the floor, businesses are opening their doors... it is the mission of this government to ensure that in so far as COVID has entrenched problems and deepened inequalities - we need now to work double hard to overturn those inequalities... so that everyone everywhere feels the benefits of that recovery and that we build back better across the whole of the UK."

Global stock markets fell at the start of the week, as fears that soaring infection rates will derail the trajectory of the economic recovery intensified. After the Dow's worst day of the year so far, global shares stabilised on Tuesday as economic growth concerns eased.

### **UK job vacancies continue their ascent**

Data released from the Office for National Statistics (ONS) last week,

shows the UK labour market continues to recover. Despite remaining below pre-pandemic levels, the number of payroll employees increased again in June, totalling 28.9 million, up 356,000 month-on-month. For the first time since the beginning of the pandemic, some UK regions saw payroll numbers rise above pre-pandemic levels, including Northern Ireland, North East England, East Midlands and the North West.

In the three-month period to June, UK job vacancies surpassed pre-pandemic levels, driven by vacancies in the hospitality and retail sectors, with 862,000 jobs available in the three months to the end of June, 77,500 higher than the first three months of 2020.

Director of Economic Statistics at ONS, Darren Morgan, commented, "The labour market is continuing to recover, with the number of employees on payroll up again strongly in June. However, it is still over 200,000 down on pre-pandemic levels, while a large number of workers remain on furlough."

### **Small shops face mountain of debt**

A new report from veteran retailer Bill Grimsey, highlights how independent high street business debt has quadrupled over the last year, with Britain facing a 'tsunami' of shop closures this autumn, unless the government steps in. The report reveals that the UK's small shopkeepers are grappling with debt of £1.7bn, having survived the pandemic by borrowing and now face the task of paying it back. Grimsey commented, "Our high street independents have experienced a new-found appreciation during lockdown.

*But they've also been forced to take on government-backed loans, which they would not have normally been able to get because their balance sheets wouldn't allow it. Now they are struggling to manage a mountain of debt and need help."* The report concludes that Britain will not be able to 'build back better' unless policymakers choose to look beyond infrastructure investment to 'equally prioritise small business and strengthen the social fabric of high streets.'

### **China's economic rebound loses momentum**

New official figures show that the Chinese economic rebound has started to slow, with economists raising concerns over the recovery of the world's second largest economy. Failing to hit the economists' forecasts of 8.1% growth, Chinese GDP increased by 7.9% in Q2 (compared to the same time last year). Despite better-than-expected growth for industrial production and retail sales, shipping firms have been impacted by backlogs in the supply chain which have hampered factory output. Record high commodity prices pushed factory inflation to the highest level in over ten years. The National Bureau of Statistics report outlined, 'China's economy sustained a steady recovery with the production and demand picking up', before going on to caution, 'The epidemic continues to mutate globally and external instabilities and uncertainties abound.'

### **Here to help**

Financial advice is key, so please do not hesitate to get in contact with any questions or concerns you may have.

***The value of investments can go down as well as up and you may not get back the full amount you invested. The past is not a guide to future performance and past performance may not necessarily be repeated***